

**31A-27a-305 Coordination with guaranty associations and orderly transition to liquidation.**

- (1) No later than 30 days following the day on which an order of rehabilitation is entered the rehabilitator or the rehabilitator's designated representative shall:
  - (a) consult with any potentially affected guaranty association or the affected guaranty association's designated representative to determine the extent to which the affected guaranty association will be impacted by or may assist in the efforts to rehabilitate the insurer; and
  - (b) provide appropriate information to the affected guaranty association described in Subsection (1)(a) to allow the affected guaranty association to evaluate and discharge its statutory responsibilities.
- (2)
  - (a) The rehabilitator shall begin appropriate contingency planning and organizing so that an orderly transition to liquidation occurs, if liquidation is necessary.
  - (b) An orderly transition to liquidation requires, among other things, that the rehabilitator:
    - (i) to the fullest extent possible, reserve sufficient assets to continue to meet obligations under insurance policies of the insolvent insurer until guaranty associations are triggered; and
    - (ii) conduct affairs in such a way and cooperate as necessary with affected guaranty associations:
      - (A) to ensure that affected guaranty associations are provided with:
        - (I) appropriate information;
        - (II) necessary updates at reasonable intervals; and
        - (III) a reasonable period of time to plan and organize; and
      - (B) so that affected guaranty associations are able to properly discharge statutory responsibilities upon being triggered.
- (3) Appropriate information as referred to in this section:
  - (a) at a minimum includes the following for lines of business written by the insurer, whether covered or not covered by a guaranty association:
    - (i) a general description of the different types of business written or assumed by the insurer;
    - (ii) claim counts and policy counts by state and by line of business;
    - (iii) claim and policy reserves;
    - (iv) account values;
    - (v) cash surrender values;
    - (vi) policy loans;
    - (vii) interest crediting history;
    - (viii) premiums and mode of payment;
    - (ix) unpaid claims and amounts;
    - (x) sample policies and endorsements;
    - (xi) listing of different locations of claim files;
    - (xii) if a third party administrator is used, a copy of an executed contract and a description of the contractual arrangements; and
    - (xiii) information concerning claims in litigation or dispute, including a listing of claims with assigned defense counsel for those claims going to trial in the near future after a possible liquidation date;
  - (b) includes information concerning states in which the insurer is or was licensed;
  - (c) includes information concerning time periods for which the insurer is or was licensed; and
  - (d) includes other information reasonably requested by an affected guaranty association necessary for the affected guaranty association to fulfill its statutory duties.
- (4)

- (a) The listing of information in Subsection (3) is not necessarily an exclusive list.
- (b) To ensure that an orderly transition to liquidation occurs, information not listed in Subsection (3) may be needed and may be appropriately provided by the receiver.
- (5) In the case of a property and casualty insurer, the rehabilitator, in cooperation with affected guaranty associations, shall make all reasonable efforts to prepare the insurer's electronic policy and claims data so that, upon the entry of an order of liquidation, the data will be ready for transmission using the Uniform Data Standards as promulgated by the National Association of Insurance Commissioners.

Enacted by Chapter 309, 2007 General Session